

Summary

Listed below are highlights from the Montana Workers' Compensation Annual Report Fiscal Year 2006. This report contains information about Montana's workers' compensation system, including injury statistics and characteristics, benefits paid to claimants, payments made by insurers to others in the system, dispute resolution and miscellaneous regulatory programs and functions. Unless otherwise cited, all reported numbers, charts, and tables are derived from the State of Montana workers' compensation database (WCAP).

Claims Statistics

There were 31,889 claims reported in Fiscal Year 2006 (FY06) compared with 32,245 reported in FY05. This is a decrease of 1.1% from FY05. Since FY02, the number of claims reported by the Montana State Fund has increased by 29.4% (from 10,944 to 14,166), while claims reported by private carriers have decreased by 30.6% (from 14,597 to 10,128). The number of claims reported by self-insurers has remained relatively constant. The service industry was responsible for 26.5% of all claims reported in FY06. Retail trade had the second largest percentage of claims at 11.1%.

Benefits

The total indemnity (wage loss) and medical benefits paid in FY06 were \$227,106,250 compared to \$210,307,885 in FY05, increasing \$16,798,365 or 8.0%. Medical benefit payments in FY06, as reported to the Department of Labor and Industry (DLI), increased from FY05 for the Montana State Fund (12.9%), self insurers (2.6%) and private carriers (3.8%). Indemnity payments in FY06, as reported to the Department of Labor and Industry (DLI), increased from FY05 for the Montana State Fund (4.9%) and self insurers (0.1%) and decreased for private carriers (1.5%).

Dispute Resolution

The Claims Unit of the Employment Relations Division (ERD) is responsible for the occupational disease evaluation process. They processed 64 occupational disease cases in FY06. This is a decrease¹ of 66.8% from FY05. The Mediation Unit of the ERD completes a case by holding a conference and issuing a written recommendation. During FY06, the unit processed 1,410 petitions, with a resolution rate of 81%. Over the past five years, the Mediation process has had an average resolution rate of 78%. The Hearings Bureau received 10 new petitions for contested case hearings in FY06, a decrease of 9.1% from FY05. The Workers' Compensation Court (WCC) received 304 petitions, an increase of 9.4% from FY05. The WCC dismissed 96 petitions and issued 182 decisions in FY06.

¹The number of department evaluations has decreased due to repeal of the OD Act for injuries on or after 7/1/05. After 7/1/05, disputes go to mediation and then to the WCC.

Workers' Compensation Assessments as Expended

The administration of the Workers' Compensation and Occupational Disease Acts and the various occupational safety laws is funded by an assessment on employers and insurers. The cost of the regulatory functions in FY06 was \$5,553,324. Beginning in FY00, a new process was instituted and each insurer was assessed 3% of benefits paid. For policies written by Plan 2, private insurers, and Plan 3, the Montana State Fund, the assessment is collected as a premium surcharge paid by individual policy holders.

Subsequent Injury Fund

Subsequent Injury Fund (SIF) payments in FY06 for all dates of injury were \$425,783. There were 216 new SIF certifications during FY06, resulting in a total of 3,826 certified individuals in Montana.

Uninsured Employers' Fund

Uninsured Employers' Fund (UEF) provides benefits for injured employees when employers are without appropriate workers' compensation insurance. In FY06, UEF collections increased 7.5% from FY05, totaling \$2,051,992. There were 106 new claims and injured workers received \$654,758 in medical and indemnity benefits in FY06.

Occupational Safety & Health

The Occupational Safety & Health Bureau provided extensive state-wide services to improve safety culture across Montana. Staff performed 502 inspections for the public sector and 242 consultation visits for the private sector. In addition, staff performed 34 inspections for the coal mining industry and 51 for sand and gravel operations. The Bureau Training Institute provided 43 occupational safety and health training courses and participated in a number of local health and safety focus groups aimed at improving safety knowledge and networking. Staff also trained over 2,000 miners and mine contractors through a Mine Safety and Health Administration (MSHA) federal grant.

Independent Contractor Exemptions

Independent contractors who do not wish to be covered under workers' compensation insurance may file for an exemption with the DLI. The number of Independent Contractor Exemption applications received for FY06 totaled 10,254. Fifty-seven percent of the applications are in the construction industry.

Professional Employer Organizations

To be licensed, a Professional Employer Organization (PEO) must submit an application and proof of workers' compensation coverage. Twenty-nine PEOs were licensed in Montana at the end of FY06. These PEOs leased 2,964 employees to 379 client companies.